

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 EUR-12 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
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R 291518Z DEC 76
FM AMEMBASSY FREETOWN
TO SECSTATE WASHDC 4562
INFO AMEMBASSY CONAKRY
AMEMBASSY MONROVIA
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY ROME

C O N F I D E N T I A L FREETOWN 4143

EO 11652: GDS
TAGS: EFIN SL
SUBJ: IMF TEAM VISIT TO SIERRA LEONE

REF: (A) FREETOWN 3555, (B) STATE 262866 (NOTAL)

1. IMF TEAM ARRIVED FREETOWN DECEMBER 9 AND DEPARTED DECEMBER 13 WITHOUT GETTING FIRM COMMITMENT FROM GOSL ON FULL COMPLIANCE WITH IMF RECOMMENDED TERMS FOR STANDBY AGREEMENT. ACCORDING TO SEVERAL SOURCES, IMF LEFT AFTER A TENSE, SOMETIME STORMY, FIVE-HOUR MEETING WITH PRESIDENT STEVENS IN WHICH STEVENS ALLEGEDLY CLAIMED THAT FULL COMPLIANCE WITH IMF TERMS WOULD RESULT IN DOWNFALL OF HIS GOVERNMENT. TEAM HAD BLUNTLY TOLD STEVENS OF SERIOUSNESS OF MISMANAGEMENT AND INEFFICIENCY OF GOSL AND OUTLINED STRICT CONDITIONS FOR STANDBY AGREEMENT. ORIGINAL IMF CONDITIONS ARE SAID TO INCLUDE 15 PERCENT DEVALUATION, 25 PERCENT REDUCTION IN EXPENDITURE ON CIVIL SERVICE PERSONNEL AND SEVERE LIMITED OF IMPORTS.
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2. CUT IN CIVIL SERVICE EMPLOYEES OR SALARIES IS DIFFICULT POLITICALLY FOR GOSL AND RAISES FEARS OF POLICE OR MILITARY DISCONTENT. THIS IS PROBABLY THE LEAST ACCEPTABLE CONDITION TO PRESIDENT STEVENS. HOWEVER, EMBASSY HAS LEARNED THAT STEVENS HAS INSTRUCTED EACH CABINET MINISTER TO REDUCE RECURRENT

EXPENDITURES BY 15 PERCENT AND EFFECT 10 PERCENT OVERALL
REDUCTION IN NUMBER OF CIVIL SERVANTS. RELIABLE SOURCE STATES
THAT MILITARY AND POLICE APPARENTLY NOT UNDULY DISTURBED.
WE UNDERSTAND PRESIDENT'S OFFICE IS PREPARING DIRECTIVE THAT
WILL CONTAIN NUMBER OF ADDITIONAL MEASURES TO CURB EXPENDITURES
AND INCREASE REVENUES.

3. IN ONE SPEECH GIVEN AFTER DEPARTURE OF IMF TEAM, STEVENS
STATED THAT PEOPLE SHOULD NOT EXPECT CIVIL SERVICE EMPLOYMENT
SINCE THE NUMBER OF CIVIL SERVANTS WOULD BE REDUCED, AND CALLED
ON THOSE UNEMPLOYED ABLE TO WORK TO RETURN TO AGRICULTURE.
HE ALSO WARNED THAT IMPORTS MUST BE REDUCED. IN UNUSUALLY FRANK
CHRISTMAS MESSAGE TO THE NATION, STEVENS PUBLICLY STATED GOSL
WOULD HAVE TO MAKE DRASTIC CUTS IN PUBLIC EXPENDITURE AND AT
THE SAME TIME EVOLVE WAYS TO INCREASING REVENUE IN MANY AREAS.

4. GOSL EXPECTS IMF TEAM TO RETURN END OF FEBRUARY, BY WHICH
TIME GOSL HOPES ITS ACTIONS WILL HAVE PROVED SUFFICIENT TO
JUSTIFY IMF STANDBY AND RELATED RESCHEDULING EXERCISE.

5. COMMENT: GOSL APPEARS TO BE INVOLVED IN TYPICAL COMMERCIAL-
TYPE BARGAINING PROCESS WITH IMF TO REACH MUTUALLY AGREED
UPON TERMS. CERTAIN IMF REQUIREMENTS WERE OBVIOUSLY POLITICALLY
IMPOSSIBLE, BUT ACCEPTABLE ALTERNATIVE ACTIONS MAY HAVE BEEN
FOUND. ACTIONS AND REACTIONS OVER NEXT SIX WEEKS WILL GO
FAR IN DETERMINING WHETHER GOSL, WITH IMF SUPPORT, PULLS BACK
FROM THE BRINK OR FALLS DOWN THE PRECIPICE. EMBASSY ASSESSES
CHANCES OF GETTING IMF HELP AS SEVENTY PERCENT. END COMMENT.
SAMUELS

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